

Message Text

LIMITED OFFICIAL USE

PAGE 01 JIDDA 00506 01 OF 02 221453Z

50

ACTION EB-07

INFO OCT-01 NEA-09 IO-10 ISO-00 TRSE-00 CIAE-00 DODE-00

INR-07 NSAE-00 PA-01 RSC-01 USIA-06 PRS-01 SP-02

CCO-00 OTPE-00 FCC-01 COME-00 BIB-01 OC-05 ACDA-05

PM-03 L-02 NASA-01 NSC-05 OES-03 NSF-01 EUR-12 /084 W
----- 124002

R 221330Z JAN 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 9933

INFO AMEMBASSY BEIRUT

AMEMBASSY CAIRO

USDOC

AMCONSUL DHAHRAN

AMEMBASSY TUNIS

USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 JIDDA 506

PASS TREASURY FOR PARSKY; PASS NATIONAL SCIENCE FOUNDATION

E.O. 11652: N/A

TAGS: ETEL, MASS, MCAP, EAID, BEXP, SA, US

SUBJECT: DOMESTIC SATELLITE SALE TO SAUDI ARABIA

REF STATE 12104

SUMMARY: EMBASSY BEST JUDGEMENT IS THAT HUGHES SALES
APPROACH TO SAUDI ARABIA ON DOMESTIC SATELLITE WOULD
IMPROVE THEIR CHANCES THAT SAG WOULD SUPPORT CHOICE
OF HUGHES CONSORTIUM FOR ALL-ARAB SATELLITE.
DEPUTY MINISTER COMMUNICATIONS OMAR FAQUIEH WILLING
TO MEET WITH HUGHES OR OTHER CONSORTIUM REPRESENTATIVE
TO DISCUSS MATTER. END SUMMARY

1. EMBASSY APPRECIATES RESPONSE OF CAGNE IN ESTABLISH-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JIDDA 00506 01 OF 02 221453Z

ING A TASK FORCE TO EVALUATE THE POSSIBILITY OF

OFFERING SAUDI ARABIA A DOMESTIC SATELLITE. THE WORK OF THE GROUP HAS ALREADY IMPROVED OUR UNDERSTANDING OF THE COMPLEXITIES OF THE ISSUES IN EVEN OFFERING SAUDI ARABIA HELP IN ACHIEVING AN ALL-COUNTRY CAPABILITY FOR BOTH CIVILIAN DEVELOPMENT AND DEFENSE IN A MUCH SHORTER PERIOD OF TIME THAN WILL BE POSSIBLE UNDER PRESENT SAUDI PLANNING.

2. EMBASSY HAS NOT BEEN ABLE TO EVALUATE FULLY THE POSSIBILITY OF A DOMESTIC SATELLITE BEING INCLUDED IN THE NEXT FIVE-YEAR PLAN; WE TALKED WITH DEPUTY MINISTER COMMUNICATIONS OMAR FAQUIEH, WITH THE HEAD OF THE STANFORD RESEARCH GROUP PETER DUNCAN, WHO IS RESPONSIBLE FOR MUCH OF THE WORK IN THIS AREA, AND WITH THE SOMETIMES ACTING MINISTER OF COMMUNICATIONS, ABDULAZIZ QURAISHI, NOW GOVERNOR OF THE SAUDI ARABIAN MONETARY AGENCY. WE HAVE BEEN UNABLE TO DISCUSS THE MATTER WITH ARTHUR D. LITTLE ASSOCIATES, NOR WITH DEPUTY MINISTER OF COMMUNICATIONS HUSSEIN MANSURI.

3. GOVERNOR QURAISHI WAS OF THE OPINION THAT IF HUGHES OR ANYONE ELSE SHOULD SELL SAUDI ARABIA ON A DOMESTIC SATELLITE, IT WOULD IMPROVE THAT COMPANY'S SALES PROSPECTS FOR THE ARAB SATELLITE PROJECT. (QURAISHI IS PROBABLY NO LONGER A MEMBER OF THE THREE-MAN MINISTERIAL PLANNING COMMITTEE, THOUGH THAT IS UNCLEAR, BUT HE CERTAINLY HAS SUBSTANTIAL INFLUENCE ON COMMUNICATIONS POLICY DISCUSSIONS WITHIN THE SAUDI GOVERNMENT.)

4. STANFORD RESEARCH INSTITUTE PETER DUNCAN CONFIRMS THAT THE ARTHUR D. LITTLE COMMUNICATIONS STUDY HAS LESS THAN A PARAGRAPH REGARDING POSSIBILITY OF A DOMESTIC COMMUNICATIONS SATELLITE SYSTEM. HE EXPRESSED PUZZLEMENT AS TO WHY THERE WAS NOT MORE COMPLETE DISCUSSION OF THE UTILITY OF USING TELECOMMUNICATIONS OF THIS VARIETY FOR REACHING REMOTE VILLAGES ALONG THE LINES OF THE CANADIAN EXPERIENCE (HE IS HIMSELF A NEW ZEALANDER) IN VIEW OF THE REPORTED PURCHASES OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 JIDDA 00506 01 OF 02 221453Z

SUCH SATELLITE SYSTEMS BY IRAN AND INDONESIA. SINCE THE ADL REPORT HAD NOT DWELT ON THE POSSIBILITY OF A SATELLITE, EITHER NOW OR IN THE FUTURE, HE HAD NOT SEEN FIT TO RAISE THE SUBJECT DURING THE BRIEFINGS AND PREPARATION OF THE FIVE-YEAR PLAN ON TELECOMMUNICATIONS.

5. DEPUTY MINISTER OMAR FAQUIEH TOLD ECON COUNSELOR

JAN 18 THAT SUBJECT OF SATELLITE COMMUNICATIONS FOR REACHING REMOTE AREAS IN SAUDI ARABIA FOR PURPOSES OF EDUCATION AND DEFENSE HAD BEEN RAISED WITH CENTRAL PLANNING ORGANIZATION PRESIDENT HISHAM NAZER DURING OR IMMEDIATELY AFTE THE ADL PRESENTATION. NAZER HAD QUERIED AS TO WHY THERE HAD BEEN NO CONSIDERATION GIVEN TO A DOMESTIC SATELLITE FOR SAUDI ARABIA? FAQUIEH SAID HE HAD REPLIED THAT HE DID NOT KNOW BUT PERHAPS IT HAD SOMETHING TO DO WITH THE ARAB'S SATELLITE CAPABILITY FOR PROVIDING SOME OF THE NEEDED TELECOMMUNICATIONS WITHIN THE COUNTRY. (THIS IS KEY POINT AND SHOULD BE DISCUSSED WITH HUGHES: IS THE ARAB SATELLITE CAPABLE OF PROVIDING FULL SCALE EDUCATIONAL TELEVISION WITHIN SAUDI ARABIA AND PROVIDING DEFENSE TELECOMMUNICATIONS AT THE SAME TIME?)

6. FAQUIEH WENT ON TO ADD THAT HE WOULD LIKE, IN VIEW OF NAZER'S QUERY, TO HAVE A CONFIDENTIAL DISCUSSION WITH A PERSON OR SMALL TEAM CONCERNING WHAT A DOMESTIC SATELLITE SYSTEM COULD DO FOR SAUDI ARABIA, THE TIME FRAME IN WHICH IT COULD BE ACCOMPLISHED, AND THE PHASE-IN OF A SATELLITE WITH THE BACKBONE AND OTHER MICROWAVE INSTALLATIONS. HE SAID THAT SUCH A BRIEFING COULD THEN BE USED BY HIM WITH NAZER AND OTHER MEMBERS OF THE GOVERNMENT TO STIMULATE INTEREST IN ADOPTING A DOMESTIC SATELLITE APPROACH. HE ADDED THAT IF SAUDI ARABIA ADOPTED, FOR EXAMPLE, A HUGHES SATELLITE, IT WOULD IMPROVE MARKEDLY THE POSSIBILITY FOR HUGHES FOR THE ALL-ARAB SATELLITE.
AKINS

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 JIDDA 00506 02 OF 02 221503Z

50

ACTION EB-07

INFO OCT-01 NEA-09 IO-10 ISO-00 TRSE-00 CIAE-00 DODE-00

INR-07 NSAE-00 PA-01 RSC-01 USIA-06 PRS-01 SP-02 OC-05

CCO-00 OTPE-00 FCC-01 COME-00 BIB-01 ACDA-05 PM-03

L-02 NASA-01 NSC-05 OES-03 NSF-01 EUR-12 /084 W

----- 124153

R 221330Z JAN 75
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 9934
INFO AMEMBASSY BEIRUT
AMEMBASSY CAIRO
USDOC
AMCONSUL DHAHRAN
AMEMBASSY TUNIS
USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 2 OF 2 JIDDA 506

7. DURING SIMILAR CONVERSATION ON JAN 18 WITH
MINISTRY OF HEALTH COORDINATOR AND KEY PLANNER FOR
THE NEXT FIVE-YEAR PLAN, PRINCE SAUD ABDUL MUHSIN,
HE EXPRESSED INTEREST IN HAVING ALL-COUNTRY CAPABILITY
FOR HIS HOSPITAL COMMUNICATIONS SYSTEM. (HE WILL
BE IN WASHINGTON IN MARCH 1975.)

8. EMBASSY WOULD LIKE TO ANSWER THE QUESTIONS POSED
IN THE ATTACHMENT TO CAGNE REVIEW OF THE PROBLEM AS
FOLLOWS:

--WE DOUBT THAT WE SHOULD WAIT FOR SAUDIS TO PER-
CEIVE NEED FOR SAUDI DOMESTIC SATELLITE SYSTEM.
THEY WILL PERCEIVE IT WHEN THE SYSTEM IS SOLD TO THEM
ON THE BASIS THAT IT MAKES BEST POSSIBLE SENSE FOR
A COUNTRY ITS SIZE. UNDER NO CONDITIONS WOULD THEY
REFUSE TO JOIN THE ALL-ARAB SYSTEM. THE TWO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JIDDA 00506 02 OF 02 221503Z

ARE SUPPLEMENTARY TO EACH OTHER. WE DO NOT THINK
THE EMBASSY IS MISINTERPRETING THE SAUDI POSITION
THAT IF SAUDI ARABIA SHOULD CHOOSE A DOMESTIC SATELLITE,
IT WOULD IMPROVE THE CHANCES FOR HUGHES TO WIN THE
ALL-ARAB SYSTEM. IN VIEW OF THE LIKELIHOOD THAT
U.S. FIRMS WILL CONTINUE TO FIND IT DIFFICULT TO
COMPETE FOR ONWARD CONTRACTS IN THE MICROWAVE FIELD
(THOUGH THIS WILL REMAIN UNCLEAR FOR SOME MONTHS),
WE WOULD THINK IT RATIONAL TO HAVE U.S. INVOLVEMENT IN
SAUDI GOVERNMENT COMMUNICATIONS THROUGH A SATELLITE
PROPOSAL.

--REGARDING ASSURANCES THAT SAG IS PREPARED TO
OFFER A TURNKEY CONTRACT TO A U.S. FIRM AND THAT
OUR FIRMS SHOULD BE ASSURED AGAINST INTERNATIONAL
COMPETITION, WE THINK THERE IS A CONNECTION BETWEEN
THIS ATTITUDE AND THE REASON WHY U.S. BUSINESS IN THE
TELECOMMUNICATIONS FIELD IS SO LIMITED AS COMPARED

WITH THOSE OF EUROPEAN FIRMS. IN THIS CONNECTION REFERENCE IS MADE TO ASSURING ADL AND HUGHES THAT THEIR BUSINESS INTERESTS WILL NOT BE JEOPARDIZED BY SUBSEQUENT U.S. GOVERNMENT ACTIONS AND TO THE HUGHES STUDY ON THE FEASIBILITY OF THE SAUDI DOMESTIC SYSTEM. IN DISCUSSIONS WITH HUGHES IN AUGUST OF 1973 AT LOS ANGELES, THE FEASIBILITY OF SAUDI DOMESTIC SYSTEM DID NOT ARISE. ONLY QUESTION WAS WHETHER HUGHES WANTED TO MOUNT A COMBINED SALES APPROACH TO SAUDI ARABIA AND THE ARAB LEAGUE AT THE SAME TIME. IT IS OUR BEST JUDGEMENT THAT IF HUGHES HAD AT THAT TIME CHOSEN TO ENTER THE COMPETITION IN SAUDI ARABIA, SAUDI INTEREST WOULD HAVE BEEN RAISED TO THE POINT OF INCLUDING A SATELLITE SYSTEM IN THE COMING FIVE-YEAR PLAN.

9. IT SEEMS TO US THAT THE QUESTION IS WHETHER THE U.S. SHOULD COMPETE ONLY WITHIN THE NARROW LIMITS OF A TELECOMMUNICATIONS PLAN FIRST CONCEIVED FOUR OR FIVE YEARS AGO WHICH HAS BEEN UPDATED BUT WHICH HAS DELIBERATELY IGNORED SATELLITE TECHNOLOGY. OUR OWN ADVANTAGE COMMERCIALY AND THE ADVANTAGES TO SAUDI ARABIA OF A DOMESTIC SATELLITE SYSTEM SEEMS APPARENT. ONLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 JIDDA 00506 02 OF 02 221503Z

QUESTION IS ONE OF WAITING UNTIL THE ARAB LEAGUE STRUGGLE OVER WHERE THE EARTH STATION IS TO BE PLACED IS SETTLED OR GOING AHEAD NOW.

10. EMBASSY RECOMMENDS THAT HUGHES BE ENCOURAGED TO DISCUSS WITH THEIR CONSORTIUM PARTNERS POSSIBILITY OF BRIEFING DEPUTY MINISTER OMAR FAQUIEH WITHIN THE NEXT FEW WEEKS ON THE POSSIBILITY OF A DOMESTIC SATELLITE FOR SAUDI ARABIA. WE ARE UNABLE TO UNDERSTAND WHY THIS WOULD DIVIDE THE CONSORTIUM BUT IF HUGHES IS UNABLE TO EVEN BRIEF THESE SAUDI OFFICIALS (AND WE ARE NOT EXCLUDING THE POSSIBILITY OF OTHER OFFICIALS BEING INTERESTED IN THIS SUBJECT) THEN WE RECOMMEND THAT THIS INFORMATION BE TRANSMITTED TO U.S. COMPETITORS AND THEY BE PERMITTED TO APPROACH SAG REGARDING THE SUBJECT. THE CANADIAN COMPETITION HAS ALREADY RAISED THE SUBJECT DURING A RECENT VISIT BUT WE HAVE NO DETAILS AS TO HOW HARD THEY PRESSED. ANY CONSORTIUM OR EFFORT SHOULD OF COURSE INCLUDE FOLLOW-UP ON MAINTENANCE AND OPERATION OF THE SYSTEM FOR SOME YEARS IN THE FUTURE. WE WOULD ESTIMATE THE TOTAL PACKAGE FOR SUCH A SYSTEM THROUGH 1980 MIGHT APPROACH HALF A BILLION DOLLARS INCLUDING SOFTWARE SALES. IT IS A GAME WORTH PLAYING.
AKINS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, COMMUNICATION SATELLITES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JIDDA00506
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750024-0142
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750131/aaaabaxl.tel
Line Count: 277
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 12104
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2003 by KelleyW0>; APPROVED <30 OCT 2003 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DOMESTIC SATELLITE SALE TO SAUDI ARABIA
TAGS: ETEL, MASS, MCAP, EAID, BEXP, SA, US, HUGHES AIRCRAFT CO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006